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If you have questions or comments on any information contained in *The Connection*, please contact Angela Knight at (360) 664-7654 or [angela.knight@ofm.wa.gov](mailto:angela.knight@ofm.wa.gov).

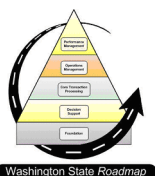


## Travel Policy Update

Chapter 10, Travel of the *State Administrative and Accounting Manual* (SAAM) reflects the new mileage reimbursement rate for privately owned vehicles (POV) set by the United States Treasury Department as allowed by RCW 43.03.060. Effective January 1, 2006, the new rate is \$.445 per mile.

The POV mileage rate is found in SAAM sub section 10.90.20. The complete text of SAAM can be found at [www.ofm.wa.gov/accounting/policies.htm](http://www.ofm.wa.gov/accounting/policies.htm).

If you have questions, please contact Bret Brodersen at [bret.brodersen@ofm.wa.gov](mailto:bret.brodersen@ofm.wa.gov) / (360) 664-7677, or the Accounting Consultant assigned to your agency.



## Roadmap Guides the Vision for TEMS

The Travel & Expense Management System (TEMS) project team is working to extend and redesign the current Travel Voucher System. The OFM team and the user group spent eight work sessions validating and prioritizing the functional requirements. In November, the OFM team finished the first two deliverables: a Software Requirements Specification and a Viable Alternatives matrix.

One of the objectives in the TEMS charter is to consider recommendations and enterprise solutions resulting from the *Roadmap* Modeling Project.

In October and November, the Roadmap Modeling project team created models of the state's travel and expense management processes. The *Roadmap* team recommends a number of changes to the current processes. All the recommendations require some enablers before they can be implemented.

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## 2005 CAFR is Published

Statewide Accounting published the state's Fiscal Year 2005 Comprehensive Annual Financial Report (CAFR) in December.

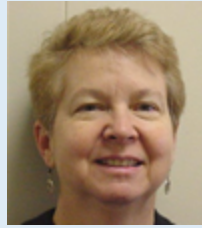
We invite you to view the online version at <http://www.ofm.wa.gov/accounting/financial.htm>.

Governmental Accounting Standards Board (GASB) Statements 40, *Deposit and Investment Risk Disclosures* and 44, *Economic Condition Reporting: The Statistical Section*, were implemented with the Fiscal Year 2005 CAFR.

The CAFR is the result of a great deal of hard work by staff at OFM and fiscal personnel across the state. Thanks to all of you for your contributions throughout the year and during the fiscal year-end closing process.

If you have any questions or comments, please contact Wendy Jarrett at [wendy.jarrett@ofm.wa.gov](mailto:wendy.jarrett@ofm.wa.gov) / (360) 664-7675.

## Who's New In Accounting?



Wendy Weeks joined Statewide Accounting as a State Financial Consultant on January 3, 2006. She is providing general consulting services to an assigned set of agencies.

Wendy worked for the Office of the State Treasurer for the past 14 years. She is a CPA and a graduate of the University of Washington.

Wendy and her husband, Steve, have twin daughters who are both attending college. When she is not working, Wendy enjoys camping, fishing, quilting and traveling.

She can be reached at [wendy.weeks@ofm.wa.gov](mailto:wendy.weeks@ofm.wa.gov) / (360) 664-7674.

## Latest Audit Resolution Report – Available for On-Line Viewing

The *Audit Resolution Report* was issued to the Legislature in December 2005.

This report summarizes the resolution status of 70 audit exceptions for 18 agencies issued by the State Auditor's Office from December 2004 through November 2005.

The exceptions noted in the Statewide Accountability Report, the Report on Medicaid for Fiscal Year 2004, as well as individual agency and special audit reports are included.

We invite you to view the Audit Resolution Report at <http://www.ofm.wa.gov/audit/05/contents.htm>.

If you have any questions, please contact the State Financial Consultant assigned to your agency.

## Roadmap Guides the Vision . . .

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Some require changes to policy and/or new legislation. Some require partnerships with other agencies or perhaps with private sector service providers.

Employee bargaining units may be concerned with some proposed changes. All the changes require identifying and working with the customer base and stakeholders.

The TEMS team is building a Conceptual Approach that outlines a phased implementation, starting with some core features and a framework that supports adding new *Roadmap*-recommended components over time.

The Conceptual Approach also includes a vision for addressing the *Roadmap* recommendations in terms of enablers, risk, components, sequencing and work required for integrating the recommendations into the core TEMS application.

For more information, please contact Kathy Rosmond at [kathy.rosmond@ofm.wa.gov](mailto:kathy.rosmond@ofm.wa.gov) / (360) 664-7771.

## Future Efficiencies in Enterprise Reporting

The Common Reporting Tools Project is on its way to simplify and enhance user access to statewide information through common reporting and self-service tools providing better data, better information, and ultimately better decisions.

The vision of this project is a common set of reporting tools (pre-defined and pre-formatted reporting, adhoc query capabilities and analysis services) providing a single place to access reporting and a single interface for customers to learn. In addition, providing financial and administrative data sources from a variety of enterprise resources (HR, Procurement, and Financial) allows customers the capability to combine information as needed to answer daily business questions. The goal is to reduce the time to access data and increase capabilities to request, view and query data to accommodate customers' ever-growing needs.

### Migrating AFRS Monthly Reports to Enterprise Reporting

The first stage of the project is to migrate the remaining Agency Financial Reporting System (AFRS) monthly reports and Statewide Financial Statements to the Enterprise Reporting interface. The most recent reports to be migrated are:

- SWM413 - Administrative Agency Trial Balance
- CAF033 - Prior Period Adjustment Activity
- CAF034 - Depreciation Expense and Increase in Allowance for Depreciation Review
- CSH01 -Treasury Cash Balance
- CSH02 - Treasury Cash Allotments versus Actuals

In addition, reports that have been enhanced are:

- Project-to-Date
- CAF002 - General Ledger Trial Balance
- CAF017 & CAF018 - Questionable Balances
- Adding new parameters (Batch Type & Doc #) to the General Ledger detail reports

The AFRS Monthly reports are currently being cross-walked to existing Enterprise Reporting (ER) FASTRACK Financial Reports. This effort will assist the project team to quickly differentiate reports that need simple modifications from those with major gaps between AFRS and ER's current financial reports (where new reports will need to be developed). Starting in January 2006, enhancements will begin on the ER Allotment Expenditure reports to meet the business needs currently provided by the AFRS MAP4XX & MCP4XX level reports.

Throughout the next year, the Statewide Monthly Financial Statements and the remaining CAFR reports will be cross-walked and moved to production through the single interface of Enterprise Reporting. This transformation will take time, however we believe the ease of use, the availability of multiple biennia data and a complete set of financial and administrative reporting will better serve customer business needs now and into the future.

## Retirement News

**Dennis Jones**, former Statewide Financial Systems Manager, retired in November. Dennis dedicated 26 years of service to Washington State. He is an individual who did much to promote excellence, professionalism and integrity in his career in public service. Dennis looks forward to much traveling in his retirement years.

**Edna Murphy**, a member of the administrative support team, retired in December. Edna most recently served as the OFM Training Registration Coordinator. After more than 29 years in public service, she decided it was time to kick back and relax. She intends to spend more time in her garden and spoiling her grandchildren!

## Deploying Ad hoc and Analysis Tool – “I can get my questions answered!”

Another aspect of the Common Reporting tool is Ad hoc and Analysis Services. OFM is moving forward with its initiative to include ad hoc and analysis services to Enterprise Reporting. These additional services will provide query and research capabilities, improving the ability to interpret and act on information quickly, reducing the reliance on a handful of data “experts” for routine or normal data retrieval and analysis. The pilot project, conducted in partnership with the Department of Ecology, OFM Statewide Accounting and OFM Small Agency Client Services during the first half of 2005, resulted in the selection of the Business Objects XI Web Intelligence tool. Web Intelligence provides an easy-to-use interactive and flexible user interface for building and analyzing reports or corporate data via the web on secured intranets and extranets.

During pilot testing, users experienced reduced time retrieving data. Some test users demonstrated examples of gathering data from several systems, integrating the data in Excel and formatting a report that took days to produce. However, using Web Intelligence, they were able to define the data needed, format the results themselves and produce a report in minutes. Further graphical manipulations and drill down capabilities enabled them to conduct more detailed analysis on exceptions and trends.

Several data sources, called universes, will be available in the tool, including AFRS history, budget monitoring, CAFR and expenditure authority. A user’s access to the universes will be based upon security outlined in an agency’s service level agreement.

In the following months, OFM will gather additional requirements, which will define development for Release 1, targeted for July 2006.

If you have any questions regarding this information, please contact Muoi Nguy at [muoi.nguy@ofm.wa.gov](mailto:muoi.nguy@ofm.wa.gov) / (360) 664-7699 or Ann Bruner at [ann.bruner@ofm.wa.gov](mailto:ann.bruner@ofm.wa.gov) / (360) 664-7711.



### Small Agency Director Training

The Office of the Governor provided four hours of training for directors of small agencies on November 21, 2005. Twenty directors, most of them in their positions for two years or less, attended the training.

The directors separated into small groups and rotated between several stations. The topics included:

- Personnel
- Ethics
- Accounting
- Purchasing and Travel
- Contracting
- Policy
- Budget

Staff from the Department of Personnel, Executive Ethics Board, Office of the Governor, and Office of Financial Management answered questions from the directors as they visited each station.

In addition, Fred Olson, Governor Gregoire’s Deputy Chief of Staff, provided training on the requirements for open meetings and open records. Antonio Ginatta, Executive Policy Advisor and former director for the Commission on Hispanic Affairs, offered a candid look at his experience as a small agency director.

For more information, please contact Yolanda Wilson, Product Manager for Small Agency Client Services, at [yolanda.wilson@ofm.wa.gov](mailto:yolanda.wilson@ofm.wa.gov) / (360) 664-7668.

## Roadmap Project Begins Business Process Modeling

In September, the *Roadmap* team started a new phase in the project – high-level business process modeling. The phase began with a pilot to confirm time, resources and tools needed for the remaining modeling work over the next eight months. Content experts from nine agencies participated in a focus group to build the pilot models. The expense reimbursement process was chosen for the pilot to support the Travel & Expense Management System (TEMS) project currently underway.

Modeling began with a four-hour “as-is” session where the focus group identified what we do today and why (not how). A second four-hour session created a vision for the future - a “could-be” model - based on best practices and research from other states. A final focus group session refined the “could-be” model and value proposition for change.

Our thanks to the following agencies for providing focus group members: the Departments of Community Trade and Economic Development, Corrections, General Administration, Labor and Industries, Revenue, Social and Health Services, and Transportation; the Washington State Patrol; and the Office of Financial Management. The State Auditor’s Office and the State Treasurer’s Office were represented at the third focus group meeting.

### Results of the pilot:

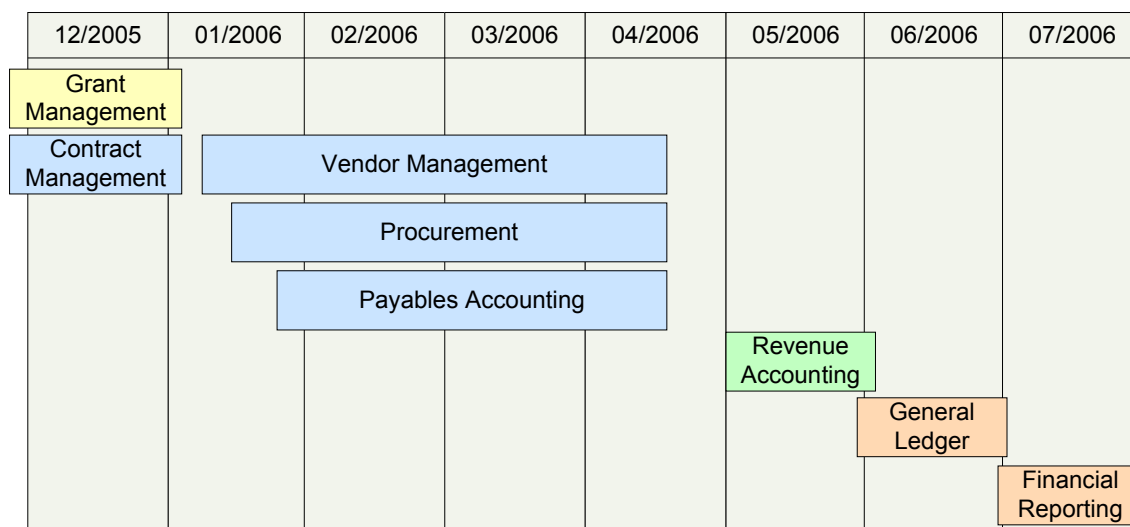
*The Expense Reimbursement modeling focus group pilot revealed extensive variation across current agency business practices. These variations were almost entirely due to “customary practices” that have evolved over time. The pilot showed that “could-be” process visions created by Roadmap focus groups can generate a lot of interest and discussion because they:*

- Transform the way we do business
- Support agency business & technology needs into the future
- Generate actionable data for better decisions and better results
- Include proposals to align laws and policies with proven best business practices

The Expense Reimbursement Business Value Proposition report includes the “as-is” and “could-be” process models, a listing of sample agency variances, policy change recommendations and the business value of the proposed changes. The TEMS project team plans to incorporate some elements of the “could-be” vision into their long-range project plan. Please remember however, the “could-be” models are “visions in progress” and no decisions have been made. Value proposition reports will be published on the new business process modeling page of the *Roadmap* web site as they are completed at <http://www.ofm.wa.gov/roadmap/modeling.htm>.

### Phase 2 Modeling:

Based on the pilot level of effort results, the *Roadmap* Advisory Group used a principles-based decision-making framework to select the following business processes to model in the time remaining for Phase 2:



## Roadmap Project Begins ...

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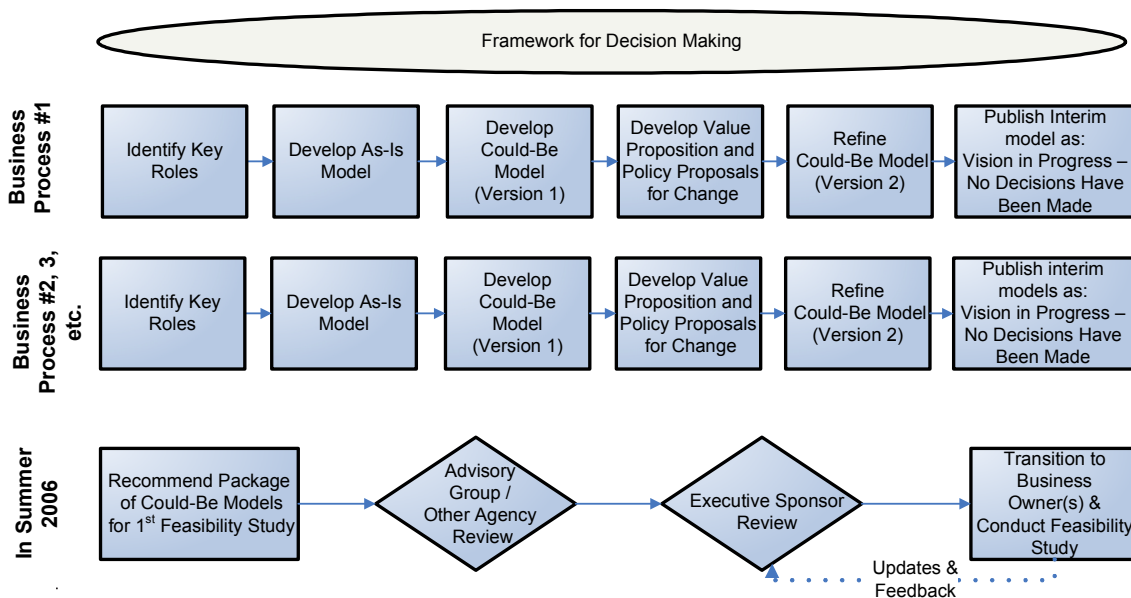
The primary focus will be on the core transaction processes aimed at improved data collection and faster, better, cheaper business processes to free up staff time for higher value work. Grant management processes are also included to support the proposed Enterprise Grant and Loan management system.

Focus group members will be selected by the agencies invited to participate in modeling each of these processes. As in the pilot project, each focus group will meet at least three times to: model current processes, develop a “could-be” vision and refine the vision and value proposition for change.

The third session will be combined for related process areas (as indicated by color in the chart above) to refine an integrated vision for the process area.

### Beyond Phase 2:

At the end of Phase 2, the Advisory Group will be asked to recommend which of the “could-be” models should be packaged together for inclusion in the *Roadmap*’s first feasibility study. The following is an overview of the modeling and decision-making process:



Ultimately, the *Roadmap* executive sponsors will decide the scope of the first major *Roadmap* implementation decision package, based on the results of the feasibility study and Advisory Group recommendations.

For more information, please contact Kathy Rosmond at [kathy.rosmond@ofm.wa.gov](mailto:kathy.rosmond@ofm.wa.gov) / (360) 664-7771.



## Perspectives on Internal Controls: Control Activities

This is the fourth in a series of articles on the five essential components of any internal control system as outlined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Previous articles provided overview information and discussions of the control environment and risk assessment components. The subject of this article is the control activities component.

Control activities include the policies, procedures and practices established to help ensure that management's directives are carried out. They help ensure that risks that could affect an organization's operating performance or financial activities are controlled.



Control activities are applied throughout an organization at all levels and in all functions. They include operational performance reviews, information processing controls, physical controls and segregation of duties.

Operational performance review activities include reviews of actual performance versus budgets, forecasts and prior-period performance.

Information processing control activities can be grouped into two categories: general controls and application controls.

Physical control activities include safeguarding assets and records, limiting access to computer programs and data files and periodically comparing actual asset or liability values with those shown on control records.

Segregation of duties is accomplished by assigning different people the responsibilities for authorizing transactions, recording transactions and maintaining custody of assets.

The control activities put into place in a given agency may vary considerably from those used in another agency.

Differences may occur because of variations in missions, goals and objectives of the agencies; differences in environment and the manner in which they operate; variations in degree of organizational complexity; differences in agency history and culture; and differences in the risk that the agencies face and are trying to mitigate.

For more information on internal controls, please refer to the *State Administrative and Accounting Manual* (SAAM) Chapter 20 at <http://www.ofm.wa.gov/policy/20.htm>, and the Administrative and Accounting Resource site at <http://www.ofm.wa.gov/policy/resource.htm> or contact Pat Sanborn at [patricia.sanborn@ofm.wa.gov](mailto:patricia.sanborn@ofm.wa.gov) / (360) 664-7680.